

# MOTOR FUELS UPDATE

DEPARTMENT OF REVENUE



Volume 6, Edition 4

Quarterly

October 1996

## Reporting On Our Progress

**This edition provides you an update and summary of activities in several programs administered by the Motor Fuels Division.**

### CASH BOND FUND

In lieu of requiring all permitholders to post a surety bond, the Cash Bond Fund was established in 1985. Permitholders "contribute" to this fund through a reduction in their commission of one-fourth of one percent of the tax. The department uses these funds to pay delinquent taxes when all collection attempts have failed. Recent activity in this fund includes:

- ✓ The Motor Fuels Division has been transferring funds from the Motor Fuels Tax Bond Fund to pay the tax liability incurred by

Max Oil, Inc. The tax portion of the liability has been paid and the interest portion remains on the account. We project the final transfer will be made in February 1997.

- ✓ Recently we collected a payment on an account that filed bankruptcy in 1986. In 1989, we transferred \$1,641.74 from the Cash Bond Fund to pay the liability, which appeared uncollectible at that time. Last week we received a payment from the United States Bankruptcy Court of \$1,364.47. This amount was used to reimburse the Cash Bond Fund. This amount

represented 100 percent of our bankruptcy claim, which was the tax due. Even though it involved a small amount of money, this is an example of how we follow through with collection efforts even after a transfer from the Cash Bond Fund is made.

### I N S I D E

- **Collections**
- **Audits**
- **Refunds**
- **Ethanol Credits**
- **Gallongage Reports**
- **Motor Fuels Tax Rate**
- **Congratulations**

## COLLECTIONS OF DELINQUENT ACCOUNTS

The Motor Fuels Division collected 1,201 "balance due accounts" during fiscal year 1995-1996 for a total of \$1,546,782. Additional receipts of \$114,658 were collected from 751 instances of non-

filed returns. Non-filer problems are fewer than a year ago largely in part to the reorganization of the collection unit. Effective September 1, 1995, "account representatives" were assigned specific accounts to monitor. By the account representatives becoming more familiar with their accounts, a decrease

in the number of collection problems is being noticed.

Also the Motor Fuels Division has issued 198 dyed diesel fuel assessments totaling \$179,775.00. These assessments were issued for vehicles using dyed (untaxed) diesel fuel for on-road use.

## AUDITS

These charts indicate the audits completed by our auditors since Motor Fuels Division's inception in July, 1991. The large increase in dollars assessed in

93/94 for both gasoline and diesel result from one audit. Interstate Motor Carrier (IMC) tax program is being phased out and will be eliminated by January 1, 1997. Carriers previously filing IMC are now filing under the IFTA program, which was transferred in its entirety to the Department of Motor Vehicles on July 1, 1996.

### TAX ASSESSED

	91/92	92/93	93/94	94/95	95/96
IMC	\$ 6,174	\$ 23,033	\$ 0	\$ 2,385	\$ 0
IFTA	15,749	198,994	30,793	359,061	86,065
Sp Fuels Cons Use	0	12,405	-50	-21,629	118,906
Liquid Fuel Carriers					0
Motor Vehicle Fuels	0	63,907	1,102,737	53,849	44,959
PRF		1,684	20,993	26,173	92,732
Aircraft Fuels		0	3,604	0	-1,366
Compressed Fuels				0	0
Gas Tax Credit		6,685	-132	3,318	12,145
Retailers					0
Sp Fuels/Diesel	41,409	80,864	1,676,642	275,150	284,521
<b>Totals</b>	<b>\$63,332</b>	<b>\$387,572</b>	<b>\$2,834,587</b>	<b>\$698,307</b>	<b>\$637,962</b>

### NUMBER OF AUDITS

	91/92	92/93	93/94	94/95	95/96
IMC	9	60	0	1	1
IFTA	13	96	83	66	74
Sp Fuels Cons Use	1	8	7	8	13
Liquid Fuel Carriers					2
Motor Vehicle Fuels	1	8	38	36	45
PRF		2	25	21	26
Aircraft Fuels		1	7	5	6
Compressed Fuels				2	13
Gas Tax Credit		8	6	4	6
Retailers					8
Sp Fuels/Diesel	9	50	65	64	63
<b>Totals</b>	<b>33</b>	<b>233</b>	<b>231</b>	<b>207</b>	<b>257</b>

## REFUNDS

Refund Claims processed January 1, 1996 – June 30, 1996 are summarized below. With the exception of Federal and Native American, these refunds are based on the exempt use of fuel rather than the exempt status of the purchaser.

AMOUNT REFUNDED					
	Gas/Gasohol	PRF	Diesel	Aircraft	Total
Agriculture (84AG)			\$ 96,389		\$ 96,389
Agriculture Related			31,114		31,114
Construction			123,581		123,581
Exported Fuel	\$71,458	\$10,101	51		81,610
Federal	28,195	138	4,290	\$1,478	34,101
State & Local Government	0		68,885	168	69,053
Home Heating			881		881
Native American	1,397		368		1,765
Reefer			130,461		130,461
Sand & Gravel			11,176		11,176
Other	5,797		87,893	53	93,743
<b>Total</b>	<b>\$106,847</b>	<b>\$10,239</b>	<b>\$555,089</b>	<b>\$1,699</b>	<b>\$673,874</b>

During this period, we processed 712 refund claims resulting in the total refund of \$673,874. During this same period last year, we processed 545 refund claims resulting in total refunds of \$702,536.

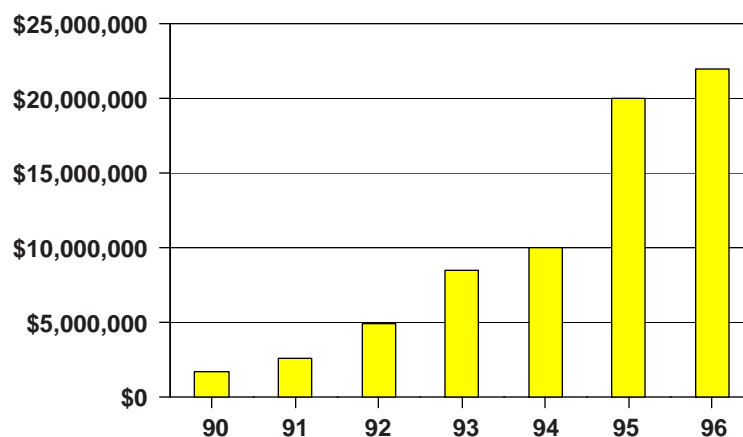
## ETHANOL PRODUCTION CREDITS UPDATE

The refund section of our division also processes Form 92, Claim for Nebraska Ethanol Production Credit. These monthly claims establish the production credit, and also assign the credit to the designated Nebraska motor vehicle fuels licensees.

Ethanol production in Nebraska has dramatically increased over the past several years. By 1996, six plants were producing ethanol. As you know, ethanol producers receive a 20 cent per gallon credit on the first 25 million gallons of ethanol they produce each year. As

shown on the graph below, the corresponding credits have grown from just over \$1,000,000 in 1990 to \$20,000,000 in 1995. The 1996 credits through August of this year have already surpassed \$20,000,000.

Ethanol Production Credits Earned



## GALLONAGE REPORTS

These statistics represent only the gallons and dollars reported in taxpayer returns. They do not reflect refunds, audits, etc.

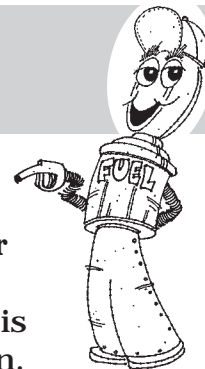
GASOLINE & GASOHOL			DIESEL	
Year	Gallons	Tax	Gallons	Tax
1988	772,194,253	\$131,693,157	188,052,766	\$33,780,707
1989	772,211,986	142,025,999	191,620,212	38,470,142
1990	763,623,635	148,015,125	189,764,993	41,410,055
1991	739,779,599	171,413,194	184,069,676	44,457,323
1992	756,633,169	167,247,079	204,081,641	47,123,036
1993	780,044,137	180,456,542	218,053,008	51,580,674
1994	756,064,292	179,494,240	228,490,205	55,638,287
1995	825,530,818	\$195,946,147	248,461,579	\$59,863,691

## SUPERVISOR OF THE YEAR

We are extremely proud that this year's Department of Revenue Supervisor of the Year Award was presented to one of our supervisors, Jerry Bryant. This award recognized Jerry's participation in the development, implementation, and supervision of our account representative program. Well done, Jerry. Congratulations.

## MOTOR FUELS TAX RATE

The Nebraska motor fuels tax rate for **1996 fourth quarter** (October 1 through December 31, 1996) is **25.3 cents per gallon.**



## FOR MOTOR FUELS TAXPAYER ASSISTANCE

Call your account representative or toll free **1-800-554-FUEL (1-800-554-3835)**.  
**Lincoln residents call 471-5730.**



**\*Hearing-impaired individuals may call Text Telephone (TT) at 1-800-382-9309**

**\*Telecommunication Device for the Deaf (TDD) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.**

## OR CONTACT:

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